

STONE & STONE
Stanley H. Stone, SBN# 37037
15821 Ventura Blvd., Suite 245
Encino, CA 91436
(818) 906-2727; FAX (818) 906-2777

SCOTT & WHITEHEAD
Robert W. Conti, State Bar No. 137307
1301 Dove Street, Suite 1000
Newport Beach, California 92660
(949) 222-0166 FAX (949) 222-0113

Attorneys for Plaintiffs DEBORAH WOODS
and STEVEN STERBACK

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

DEBORAH WOODS, a California Resident;
STEVEN STERBACK, a California Resident

Plaintiffs,

Vs.

DC-3 ENTERTAINMENT, LLLP, a Florida
Limited Liability Limited Partnership; JON
PHELPS, a Washington Resident; ESTHER
PHELPS, a Washington Resident

Defendants

Case No.

PLAINTIFF'S COMPLAINT AND DEMAND
FOR JURY TRIAL FOR:

1. DISCRIMINATION ON ACCOUNT OF RELIGION IN VIOLATION OF THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT;
2. RETALIATION IN VIOLATION OF THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT;
3. INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS;
4. WRONGFUL TERMINATION IN VIOLATION OF PUBLIC POLICY;
5. DISCRIMINATION ON ACCOUNT OF SEX IN VIOLATION OF THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT;
6. VIOLATION OF CALIFORNIA LABOR CODE § 970;
7. BREACH OF CONTRACT

DOCUMENT 26
PREPARED ON
RECYCLED 27
PAPER

1 Plaintiffs allege with personal knowledge as to their own actions, and upon information and
2 belief as to the actions of all others:

3 4 **PARTIES**

5 1. Plaintiffs Deborah Woods and Steve Sterback are residents of the State of California,
6 Humboldt County.

7 2. Defendant DC-3 Entertainment, LLLP ("DC-3") is a Florida Limited Liability Limited
8 partnership with its principal place of business located at 210 Third Avenue South, Suite 5D, Seattle,
9 Washington, and is authorized to conduct business in the State of California. DC-3 has authorized
10 and ratified the misconduct of the remaining defendants, which misconduct was committed within
11 the course and scope of those defendants' employment or other relationship with DC-3. DC-3
12 regularly employs five or more individuals within the State of California.

13 3. Defendants Jon and Esther Phelps ("the Phelps") are managing agents and officers of
14 DC-3. The Phelps' are residents of the State of Washington. Jon Phelps, at all relevant times,
15 ratified the conduct of Esther Phelps, and Esther Phelps, at all relevant times, ratified the conduct of
16 Jon Phelps.

17 18 **JURISDICTION AND VENUE**

19 4. This matter is a civil action between citizens of different states. Each of the Plaintiffs
20 is a resident of the State of California. Defendant DC-3 is a resident of the State of Florida, and is
21 registered to do business and maintains its principal place of business in the State of Washington.
22 Jon and Esther Phelps are each residents of the State of Washington. Accordingly, this Court has
23 diversity jurisdiction over Plaintiffs' claims pursuant to 28 U.S.C. § 1332.

24 5. Venue is appropriate in the United States District Court for the Northern District of
25 California pursuant to 28 U.S.C. § 1391 (a) in that the events giving rise to Plaintiffs' claims
26 occurred in this District, and, more specifically, in Humboldt County, California. Moreover,
27 Defendants, and each of them, have had continuous and systematic contacts with this District by
28 doing business in Humboldt County, California.

11. Another condition of employment consisted of Woods and Sterback attending church services. Woods advised Defendants that she did not want to attend said services but finally relented on one occasion. At that time, Woods was counseled with regard to what Defendants and their clergy members viewed as behavior contrary to their religious doctrine.

12. Sterback was similarly counseled and criticized over his failure to conform to the Defendants' religious beliefs. Specifically, Defendants advised Sterback that he had to "reel [his] wife in" and stop letting her "be the husband." Defendants demanded that Sterback attend church and subscribe to the Phelps' religious doctrines.

13. At all relevant times, the Phelps belonged to the Mars Hills Church in Seattle. Mark Driscoll is Mars Hills' Founding Pastor and guided the Phelps' with regard to their views on Christianity, the Bible, and the role of women.

14. In addition to Driscoll, the Phelps followed the spiritual teachings of Vernon Rainwater. Rainwater is a Professor of Theological Services and worship leader at the Northland Church in Orlando, Florida.

15. Plaintiffs received a letter from the Phelps dated March 10, 2004, concerning planning for the "DC-3 Summit" that took place at the ranch. The letter makes clear that subscribing to the Phelps', Driscoll's, and Rainwater's religious dogma was a mandatory condition of employment with DC-3. The letter states, among other things:

- a. "Every person attending this retreat should have a clear calling from God that they are supposed to be part of the mission of DC-3."
- b. "Everyone does not need to be perfect, just willing and committed to our ministry."
- c. "We need to know from both of you if you are [committed to the Phelps' ministry]."
- d. "[Y]ou will need to take part wholeheartedly in all of the retreat. And it will be church; there will be prayer, worship and teaching from the Bible, including from the writings of Paul. Deb (referring to Plaintiff Woods), we know you don't believe in and resist church meetings, and especially male leadership, but you should tell us know if you are willing to set those feelings aside and open your heart. The Bible is our authority. Vernon Rainwater and

Mark Driscoll are our spiritual leaders and the spiritual authority over this ministry, *and everyone involved must submit to their leadership and direction.*”

e. “We (the Phelps’) are praying that this will cause you and Deb to search your hearts to expose anything that comes between the two of you, us, others and God. We need to know if you are called. There are many people who could be innkeepers at the ranch. *The members of this team must be called by God to this, and a person with any spirit contrary to scripture will only cause division, and this we cannot have. If you won’t submit to this authority, you are not called to the ministry, and we will need to find people who are.*”

16. Plaintiffs chose not to adopt the religious doctrine demanded by the Phelps as a condition of their employment with DC-3. On April 1, 2004, the Phelps terminated the Plaintiffs’ employment with DC-3 due to their refusal to capitulate the Phelps’ demands. The Plaintiffs and their minor son, who lived at the ranch they managed, were given just 12 hours to pack up their belongings and vacate the premises.

FIRST CAUSE OF ACTION

(DISCRIMINATION ON ACCOUNT OF RELIGION IN VIOLATION OF THE FEHA, AGAINST DEFENDANT DC-3)

17. Plaintiffs incorporate by this reference, as though set forth in full, the allegations of the preceding paragraphs of this complaint.

18. In the foregoing manner, Defendant DC-defendants acted with the intent to discriminate against Plaintiffs, and each of them, on account of their religion. Specifically, and as noted above, Defendant DC-3 required the adoption of certain religious principals as a condition of employment. When Plaintiffs refused to adopt said religious doctrine, DC-3, through Jon and Esther Phelps, terminated Plaintiff’s employment.

19. Defendants’ conduct caused Plaintiffs to suffer general and compensatory damages in an amount to be proven at time of trial, but in excess of the jurisdictional requirements of this court. In addition, Defendants’ conduct was oppressive and malicious, justifying an award of punitive damages against defendant DC-3.

///

1 SECOND CAUSE OF ACTION

2 (RETALIATION ON ACCOUNT OF RELIGION, IN VIOLATION OF THE FEHA,
3 AGAINST ALL DEFENDANTS)

4 20. Plaintiffs incorporate by this reference, as though set forth in full, the allegations of the
5 preceding paragraphs of this complaint. In the foregoing manner, Defendants have attempted to
6 condition the Plaintiffs' continued employment on their submission to unwelcome religious
7 requirements. When Plaintiffs refused to subscribe to said demands, and exercised their right to work
8 in an environment free from religious discrimination and harassment, Defendants Jon and Esther
9 Phelps, in their capacity as principals of DC-3, terminated Plaintiffs' employment, and as such
10 Defendant DC-3 ratified the conduct of its principals.

11 21. Defendants' conduct caused Plaintiffs to suffer general and compensatory damages in
12 an amount to be proven at time of trial, but in excess of the jurisdictional requirements of this court.
13 In addition, Defendants' conduct was oppressive and malicious, justifying an award of punitive
14 damages against Defendants DC-3, and Esther and Jon Phelps.

15
16 THIRD CAUSE OF ACTION

17 (INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS AGAINST ALL DEFENDANTS)

18 22. Plaintiffs incorporate by this reference, as though set forth in full, the allegations of the
19 preceding paragraphs of this complaint.

20 23. Defendants have engaged in outrageous conduct that proximately caused severe
21 emotional distress to plaintiff. That conduct was intentional. The harm done to plaintiffs exceeds any
22 risk reasonably inherent in employment.

23 24. Defendants' conduct was oppressive and malicious, justifying an award of punitive
24 damages against each defendant.

25 FOURTH CAUSE OF ACTION

26 (WRONGFUL TERMINATION IN VIOLATION OF PUBLIC POLICY AGAINST DC-3)

27 25. Plaintiffs incorporate by this reference, as though set forth in full, the allegations of the
28 preceding paragraphs of this complaint.

26. In the foregoing manner, Defendant DC-3 terminated Plaintiffs' employment on the basis that Plaintiffs refused to subscribe to Defendants' religious practices. It is against the public policy, as codified in the FEHA, to condition employment on the basis of one's religious beliefs. Accordingly, Plaintiffs' termination violates the public policy of the State of California.

27. Defendant's conduct was oppressive and malicious, justifying an award of punitive damages against each defendant.

FIFTH CAUSE OF ACTION

(DISCRIMINATION ON ACCOUNT OF SEX BY PLAINTIFF WOODS

AGAINST DC-3)

28. Plaintiff incorporates by this reference, as though set forth in full, the allegations of the preceding paragraphs of this complaint.

29. Defendant DC-3, through its principals Jon and Esther Phelps, maintained a practice and policy that required women to be subservient and obey the will of men. Specifically, Woods was required, as a condition of her employment, to be the subservient wife to her husband. Accordingly, there is a nexus between Woods' sex, female, and what was viewed as appropriate behavior as a DC-3 employee. Woods refusal to subscribe to these demands led to the termination of her employment.

30. Defendants' conduct was oppressive and malicious, justifying an award of punitive damages against each defendant.

SIXTH CAUSE OF ACTION

(VIOLATION OF LABOR CODE § 970 AGAINST ALL DEFENDANTS)

31. Plaintiff incorporates by this reference, as though set forth in full, the allegations of the preceding paragraphs of this complaint.

32. Plaintiffs were, prior to being employed by DC-3, living in Tennessee. Defendants, and each of them, contacted the Plaintiffs and induced them to move from Tennessee to California to work at the ranch. The Plaintiffs were advised that they could work at the ranch as long as they were wanted and could retire there. They were never advised that subscribing to certain religious dogma

1 was a requisite of employment. In fact, Defendant Phelps, as Plaintiff Woods sister, knew Woods did
 2 not share her religious views when she made the offer to Woods and Sterback.

3 33. Defendants' conduct was oppressive and malicious, justifying an award of punitive
 4 damages against each such defendant.

5 SEVENTH CAUSE OF ACTION

6 (BREACH OF CONTRACT AGAINST DC-3)

7
 8 34. Plaintiff incorporates by this reference, as though set forth in full, the allegations of the
 9 preceding paragraphs of this complaint.

10 35. Defendant DC-3 breached its express oral agreement, as entered into on behalf of DC-
 11 3 by the Phelps, to employ Plaintiffs for as long as they wanted, and could retire there. Plaintiffs did,
 12 in fact, meet and fulfill all job duties. Defendant Esther Phelps assured Sterback that she was
 13 satisfied with the job that the Plaintiffs were performing, with the exception of their failure to
 14 subscribe to the religious doctrine being espoused by the Phelps and DC-3. When DC-3 terminated
 15 the Plaintiffs' employment, it breached the agreement between Plaintiffs' and DC-3.

16 36. Said breach has caused Plaintiffs to suffer contractual damages in the form of past and
 17 future wages and lost benefits, in an amount to be proven at time of trial but within the jurisdictional
 18 requirements of this court.

19 WHEREFORE plaintiff prays judgment as follows:

20 As to the First through Sixth Causes of Action:

- 21 1. Actual damages according to proof;
- 22 2. Compensatory damages according to proof;
- 23 3. Punitive damages according to proof;
- 24 4. A reasonable attorney's fee;
- 25 5. Costs of suit, and
- 26 6. Such other relief as the court may deem proper.

27 As to the Seventh Cause of Action:

- 28 1. Actual damages according to Proof

2. A reasonable attorney's fee;
3. Costs of suit, and
4. Such other relief as the court may deem proper.

DATED: May ____, 2005

STONE & STONE

Stanley H. Stone
Attorneys for Plaintiffs DEBORAH WOODS
and STEVEN STERBACK

DEMAND FOR JURY TRIAL

Pursuant to FRCP Rule 38(d) and Local Rule 3-6(a), Plaintiffs hereby demand a trial by jury.

DATED: May ____, 2005

STONE & STONE

Stanley H. Stone
Attorneys for Plaintiffs DEBORAH WOODS
and STEVEN STERBACK